

State, Blue Cross agree to extension

By MIKE DENNISON - IR State Bureau - 9/30/05

Extra time will keep insurance coverage in place for 3 months while parties hammer out new deal

HELENA - The state and Blue Cross and Blue Shield of Montana agreed Thursday to a three-month extension on the health-insurance contract covering 11,500 kids in low-income families.

The extension will keep insurance in place for kids on the program while the state and Blue Cross try to hammer out a final contract that will last through next September. The current contract was expiring today.

"The biggest concern is keeping health insurance (in effect) for kids, and it needs to be a cost-effective solution to provide that," said Jackie Forba, chief of the state Health Care Resources Bureau. "Our preference is to come to an agreement with Blue Cross at a reasonable premium."

Blue Cross wanted to increase its premiums for the Children's Health Insurance Program (CHIP) by nearly 12 percent, but state health officials said the increase should be about 3.5 percent.

On Thursday, Blue Cross offered a 9.9 percent increase for the year-long contract. The state has not yet agreed on a final rate for the three-month extension or the full year.

Tanya Ask, vice president of government affairs for Blue Cross, said it's not unusual for the company and its customers to extend a contract while they work out details for the coming year.

"We've committed to continuing the program so there will be no gap for any of the (insured) children," she said.

CHIP is a publicly funded program that provides health coverage to kids whose families can't find affordable insurance elsewhere. It's open to families whose income is up to 150 percent of the federal poverty level, or \$29,000 for a family of four.

About 11,500 kids are on the program now; the state has a budget to increase the number of kids enrolled to nearly 14,000 this year.

Since the program's inception in 1999, the state has bought the medical insurance for CHIP through annual contracts with Blue Cross, paying a per-child premium.

Earlier this year, the Legislature approved a bill that would allow the state to insure the program itself. Under that arrangement, the state would hire a "third-party administrator" to process claims and arrange a network of doctors and other health-care providers.

Forba said the state plans to study that option and would consider it if an agreement can't be reached with Blue Cross.

At a contract negotiating session Thursday, Blue Cross proposed the 9.9 percent increase in premium or a "contingency premium." Under the latter option, the state would pay a lower increase, but if claims started coming in at a higher-than-expected rate, the state would end up paying a higher increase.